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WISCONSIN EMPLOYMENT RELATIONS COMMISSION  
BEFORE THE ARBITRATOR

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

In the Matter of the Arbitration Between )	
PIERCE COUNTY HUMAN SERVICES DEPARTMENT )	Case 100
EMPLOYEES, GENERAL TEAMSTERS UNION )	No. 50774
LOCAL 662 )	INT/ARB-7255
and )	Decision No. 28186-A
PIERCE COUNTY (DEPARTMENT OF HUMAN )	OPINION and AWARD
SERVICES) )	

Appearances: For the Union, Christel Jorgensen, Eau Claire.  
For the County, Attorney Stephen L. Weld, Eau Claire.

When the Pierce County Human Services Department Employees, General Teamsters Union Local 662 (referred to as the Union) and Pierce County (Department of Human Services) (referred to as the County or the Employer) were unable to resolve a negotiations impasse for a successor to their expired collective bargaining agreement governing a unit of professional social workers, the Union filed a petition dated March 24, 1994 requesting the Wisconsin Employment Relations Commission (WERC) initiate arbitration pursuant to section 111.70(4)(cm)6 of the Municipal Employment Relations Act (MERA). On October 4, 1994, the WERC determined that an impasse existed and that arbitration should be initiated. The parties notified the WERC that the undersigned had been selected from a list supplied to the parties by the WERC and, by order dated October 27, 1994, the WERC appointed her as arbitrator to resolve the impasse.

By agreement of the parties, a hearing was held in Ellsworth, Wisconsin, on January 23, 1995. The parties were given a full opportunity to present witnesses, documentary evidence, and arguments. The parties submitted post-hearing briefs and the County submitted a letter reply brief.

ISSUES AT IMPASSE

As a result of negotiations between the parties, all issues except for two have been settled. The two unresolved issues are wage increases and employee contribution to health insurance. The

Union's final offer is as follows:

1. All items remain status quo as in present agreement with the exception of tentative agreements reached during the course of negotiations.
2. Union issue in dispute are as follows:

Increase all rates of pay by 3.5% effective 1/1/94  
Increase all rates of pay by 3.5% effective 1/1/95  
The Employer's final offer is as follows:

1. Revise ARTICLE 25-HEALTH AND WELFARE BENEFITS, Section 1, first paragraph, first sentence, to read:  
Effective January 1, 1994, the County shall pay up to a dollar amount equal to 100% of the cost of the County's self-funded (currently administered by CC System) health insurance plan for each employee who has been employed 30 days or more. Effective July 1, 1994, the County shall pay up to a dollar amount equal to 95% of the cost of the County's self-funded (currently administered by CC Systems) health insurance plan for each employee who has been employed 30 days or more.
2. Exhibit A-Wage Schedule. Increase all rates as follows:  
1/1/94 - 3%  
7/1/94 - 5¢  
1/1/95 - 3%  
7/1/95 - 5¢

#### STATUTORY FACTORS

The factors which must be given weight by an arbitrator in an interest arbitration proceeding pursuant to Section 111.70(4)(cm) of MERA are:

- a. The lawful authority of the municipal employer.
- b. Stipulations of the parties.
- c. The interests and welfare of the public and financial ability of the unit of government to meet the costs of any proposed settlement.
- d. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.
- e. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the same community and in comparable communities.
- f. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees in private employment in the

same community and in comparable communities.

g. The average consumer prices for goods and services, commonly known as the cost-of-living.

h. The overall compensation presently received by the municipal employees, including direct wage compensations, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, and continuity and stability of employment, and all other benefits received.

i. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

j. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

#### POSITIONS OF THE PARTIES

##### The Union

Starting with external county comparables, the Union rejects the Employer's inclusion of Buffalo County and Pepin County because of their total rural character (in contrast to Pierce County). It also rejects the Employer's private sector comparables as not reliable and incomplete because the County failed to present any total compensation data.

For the Union, wages are not the main issue in this proceeding since bargaining unit members "rank in the middle to top levels of the wage and benefit comparables." Instead, the main issue is the Employer's proposal to require bargaining unit members to pay 5% of health insurance premiums without a meaningful quid pro quo for this important change in the status quo. Since employees have no control over the level of premiums and annual premium increases may be assumed, once employee contributions to health insurance premiums are established, employee real earning capacity decreases.

In rejecting the Employer's health insurance premium contribution proposal, the Union points to both its and the County's comparables noting that many public employers pay higher premiums than does Pierce County. Therefore, there is little reason for requiring members of this bargaining unit to make premium contributions.

In support of its health insurance proposal, the Union

refers to its concessions during prior rounds of bargaining which resulted in increased deductibles and other cost containment methods. It also stresses that its proposal for a managed care program addresses the issue of increasing health care costs in a positive way. The Union contrasts its creative position with the Employer's approach which simply shifts the financial burden from the County to its employees. The Union cites language in other interest arbitration awards (including the undersigned's decision in Plymouth School District 11/22/91) as support for its health insurance position in this proceeding. The Union concludes that only its proposal reflects a "true effort" to be pro-active and curb health care costs while the County continues to do "business as usual," relying upon an internal settlement pattern which does not seriously explore health insurance alternatives.

Based upon these arguments, the Union believes that its final offer is the more reasonable one and that the arbitrator should order that it be incorporated into the parties' 1994-1995 collective bargaining agreement.

### The Employer

The County's primary argument is that its final offer maintains the wage and benefit settlement pattern voluntarily agreed to by the majority of County employees. The County contends that as a result of its proof on current and historic consistent internal settlement patterns (with exceptions only for specific wage adjustments in 1987 for the Sheriff's Department and 1989-1991 for Community Health RNs and LPNs based on specific proof of special need) the burden has shifted to the Union to prove the need for both the wage and insurance provisions in its final offer. The County views the Union's position on both issues in dispute as inequitable and unreasonable in light of the long standing pattern of internally consistent County settlements.

The County next turns to external comparables and concludes that its wage offer is consistent with the majority of the appropriate external comparables, particularly wage settlements reached after the passage of the state's 1993 budget bill. In considering which are the appropriate external comparables, the County argues that they should include the same counties used in two previous arbitrations with the Sheriff's Department (Barron, Burnett, Chippewa, Dunn, Polk, Rusk, St. Croix, and Washburn Counties) plus Buffalo County and Pepin County. It supports the inclusion of these two latter counties on the basis that they are close by and are part of the same local labor market, they share the same local economic conditions, and, like the eastern half of Pierce County, both counties are largely rural. Even though they are smaller than Pierce County, each of these two counties have a Human Services or Social Services Department. Accordingly, the County uses these ten counties for comparison purposes because

they all are appropriate.

According to the County, its wage offer is not only in line with the appropriate external comparables, it exceeds the majority of these comparables when 1994 wage settlements occurring after the passage of the state's 1993 budget bill (with its tax levy limitations) are considered. Post-budget bill settlements range from 2.75% in Polk County to 3.5% in Barron and Buffalo Counties. In addition, a significant number of the comparables also negotiated health insurance cost-savings concessions. This pattern continued for 1995 settlements as well.

In addition to comparables, the County maintains that the economic climate, including CPI data, supports the County's position, particularly when actual salaries (not percentage wage increases) for County Social Worker II and Social Worker III positions are considered.

Returning to the health insurance issue, the County rejects the view that this bargaining unit of professional employees (plus a unit of law enforcement professionals also represented by the Teamsters) should be treated better than all of the County's other (non-professional) employees. It points out that when meetings were held with representatives of all County employees, union and non-union, to discuss the Union's proposed change in health insurance carrier to the Teamsters and the Teamsters specific managed care plan, substantial employee concerns were expressed about whether the Teamsters managed care plan maintained the same level of benefits as presently provided under the County's existing self-funded plan. These concerns were also raised by questions submitted to the County by its professional consultant. In fact the consultant's professional analysis of the Teamsters health care plan concluded that there would a lowering of some benefits under that plan and the County's health care expenditures would increase if part of its workforce was covered by the Teamsters plan while the remaining part of its workforce continued under the County's existing self-funded plan. Accordingly, the County concludes that its health insurance proposal is the more reasonable one - particularly since it is the same as the one included in the voluntary agreements reached by the County with all other County bargaining units (with the exception of the law enforcement unit represented by the Teamsters).

The County further contends that appropriate county comparables support its final offer requiring an employee contribution to health insurance premiums beginning July 1, 1994. Looking at 1994 data, the County points out that only Chippewa County provides fully paid health insurance - but only after an employee contributes 20% of the premium for his or her first two years of employment. Indeed all of the comparables have some type of premium sharing. The majority require at least a 7%

contribution - more than the County's 5% proposal. When employee dollar amount contributions, particularly for family coverage, are examined, the County's proposal is again the more reasonable one, according to the Employer. The County further argues that other public employer comparables (school districts and cities within Pierce County) and local private sector employer data also support the County's position on employee health insurance contributions. The County notes that a number of these private sector employers do not provide any health insurance plan.

Finally, the County anticipates a Union argument that it is the Employer which has the burden to justify any change in the status quo and that a quid pro quo is required to justify the County's health insurance position. The County addresses that argument by contending that there is arbitral authority for recognizing an employer's increasing costs for health insurance coverage. Thus, when the Employer continues to pay more for health insurance, that itself represents a change in the status quo. The result is that there is no special burden placed on the employer proposing cost sharing and no need for a special quid pro quo by the employer to justify any cost sharing proposal. Even if there is a need for a quid pro quo, the County believes that its extra 5¢ per hour wage increases in 1994 and 1995 as well as the recently implemented County Section 125 plan constitute any needed "sweetener" or "buy-out."

For all these reasons, the County believes that its final offer is the more reasonable offer in this proceeding.

#### DISCUSSION

As is true in a number of impasse arbitration proceedings, the parties disagree about which are the appropriate comparables. However, looking at the two substantive issues at impasse, they agree that the main one concerns the Employer's final offer requiring bargaining unit members to contribute 5% toward the cost of their health insurance coverage effective July 1, 1994. On the remaining impasse issue relating to 1994 and 1995 wages, the difference between their final offers is not great. Under either party's final offer, the parties concur that wages and benefits for bargaining unit members will continue to place them in the top half of the appropriate comparables.

Turning to the threshold issue concerning appropriate comparables, the undersigned believes that the appropriate primary comparables are the eight counties used in prior County interest arbitrations in 1988 and 1989 with the Sheriff's Department. Although there are significant demographic differences between Pierce County versus Buffalo and Pepin Counties, their proximity and their employees who perform functions similar to the those performed by employees of this

bargaining unit indicate to the undersigned that they should be considered part of a secondary set of comparables. For the health insurance issue, the Employer has presented comparability data which it believes is relevant from two cities (Prescott and River Falls) and seven school districts (Ellsworth, Elmwood, Pepin, Plum City, Prescott, River Falls, and Spring Valley). The undersigned believes that the health insurance information relating to these cities and school districts in Pierce County is relevant as an additional set of comparables - after the primary county comparables have been considered. In addition, she believes that limited health insurance information from a County conducted survey of private sector employers in Pierce County employing 25 or more employees is pertinent but less relevant than data concerning comparable county employees.

Having resolved the above comparability issues, the undersigned turns to the main dispute in this proceeding, the one relating to the reasonableness of the Employer's proposal to require members of this bargaining unit to contribute 5% toward health insurance costs. The Union's primary arguments on this health insurance issue are that the Employer's proposal constitutes an important change in the status quo that has not been justified. The Union contends that for the County to prevail on this issue, it must provide evidence that there is a compelling need for the County's proposal and provide a major concession to the Union. In the Union's view, the County has failed to prove need and failed to provide any major concession. Indeed, the Union points to a history of past concessions made by the Union to assist the County in lowering its health care costs and argues that the proposed Teamsters managed care plan will do much to reduce the Employer's health care costs in contrast to the Employer's proposal requiring a 5% employee contribution for its status quo health care arrangements.

However, the County's emphasis on the fact that its health insurance proposal has been voluntarily accepted by all other County bargaining units (except the law enforcement unit represented by the Teamsters) is a forceful argument. The County's argument is particularly effective since it is made against the background of external public sector comparability data which generally support the County's proposal and the County's related argument (supported by substantial arbitral authority) that increasing health care costs paid by an employer reduce significantly or even eliminate the usual burden to provide special justifications and a quid pro quo.

In addition, although the Union is to be commended for taking the opportunity to explore at the bargaining table some (potential cost saving) alternatives to the County's current (and increasingly costly) health plan, there have been a number of unanswered questions raised about the Teamsters managed health care plan by employees outside this bargaining unit and by the


County which need to be addressed before the plan has a realistic chance to gain greater County and County employee acceptability. (Broad acceptability is important because current cost projections suggest that having part of the County's workforce covered by the Teamsters health care plan while the remaining part of the County's workforce continues to be covered by the existing County health care plan may incur significant costs.) Taking into account all these considerations, the arbitrator believes that the County's final health insurance offer is more reasonable at this time. She notes, however, that bargaining for a successor collective bargaining agreement will take place before the end of the year. The Union will thus have another opportunity soon to explore with the County (and other County employees) the merits of alternative health care plans and address practical implementation questions.

As for the unresolved wage issue, it has already been noted that the parties agree that this is a secondary issue and that implementation of either the Union's or the County's final offer will leave bargaining unit members in the middle to top compensation levels among the comparables. Accordingly, since this is final offer whole package arbitration and the arbitrator has already indicated that she believes that the County has presented the more convincing arguments on the primary issue of health insurance, she is obliged to choose the Employer's total final offer covering both issues.

#### AWARD

Based upon the record in this proceeding, including testimony, exhibits and arguments of the parties, the statutory factors set forth in Section 111.70(4)(cm)7 of MERA, and for the reasons discussed above, the arbitrator selects the final offer of the County and directs that it be incorporated without modification together with all the stipulations of the parties into the parties 1994-1995 collective bargaining agreement.

Madison, Wisconsin  
April 27, 1995

  
June Miller Weisberger  
Arbitrator